



Department of Justice

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JUSTICE DEPARTMENT SUES OHIO OIL BUSINESS TO HALT ALLEGED FEDERAL TAX-FRAUD SCHEME

Alleged Revenue Loss Estimated Between \$5.7 and \$6.9 Million

WASHINGTON – The Justice Department announced today it has sued two Ohio men and their oil-drilling company to stop an alleged tax fraud scheme. The government says the defendants use sham transactions to help customers evade federal taxes. The civil injunction suit was filed in U.S. District Court in Columbus, Ohio, against Daniel Weddington, James Earl and Mid-Con Petroleum Inc. According to the complaint Earl resides in Heath, Ohio, where Mid-Con is based, and Weddington resides in Newark, Ohio.

The lawsuit alleges that the defendants' customers pay inflated prices for participating in purported oil and gas joint ventures. Defendants allegedly artificially inflate the prices by having customers use sham notes to pay for most of the stated purchase price. Customers then allegedly claim tax deductions for intangible drilling costs based on the inflated price. In some instances, the suit alleges, the defendants sold the same intangible drilling deductions to more than one customer. According to the complaint the defendants have more than 200 customers across the country, with most being from central Ohio.

The suit also alleges that the defendants have acted to obstruct the Internal Revenue Service's (IRS) investigation of the scheme and asks the court to bar the defendants from doing so. The suit also asks the court to bar the defendants and anyone working with them from representing customers in any matter before the IRS related to the customers' participation in the scheme.

The complaint states that the defendants' scheme has cost the U.S. Treasury between \$5.7 and \$6.9 million dollars from 2001 to 2004.

Since 2001, the Justice Department's Tax Division has obtained injunctions against more than 295 tax preparers and tax-fraud promoters. Information about these cases is available on the [Justice Department website](#), as is information about the [Justice Department's Tax Division](#).

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